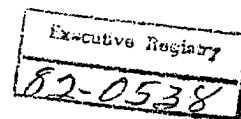


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REMARKS OF WILLIAM J. CASEY
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TO

THE SOCIETY OF THE FOUR ARTS

PALM BEACH, FLORIDA

23 February 1982

FEB 25 2 32 PM '82

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APPROVED FOR RELEASE ☐ DATE:
03-Dec-2008

I am grateful to Earl Smith and The Society of the Four Arts for this opportunity to discuss American intelligence with you today. It is a large and wide-ranging subject with many dimensions. I think I should at the onset apprise you of the limitations on my freedom to discuss some aspects of this subject publicly. I cannot discuss or disclose anything which might jeopardize the sources of our intelligence. Decisions as to what action is indicated by the information we collect and the analysis we do are the responsibility of the President and the Congress and I am careful about treading on their territory. However, I believe that it is important for the public to understand our need for good intelligence to support our national policy decisions, how we collect information, how we arrive at assessments on what is happening and what can happen in this complicated world and the general character of the threats against which we may need protection. So, I will tell you this afternoon what I can about the American intelligence system and how it works and what we see out there in the world.

When I was in the OSS during World War II, we were lucky if we could identify the location of an enemy division 20 miles away and find out which way it would move.

Over the intervening years, my predecessors have changed intelligence and made it far more than a simple spy service. They developed a great center of scholarship and research, with as many Doctors and Masters in every kind of art and science as any university campus. They have produced a triumph of technology, stretching from the depths of the oceans to the limits of outer space. Using photography, electronics, acoustics and other technological

marvels, we learn things totally hidden on the other side of the world. In the SALT debate, for example, Americans openly discussed the details of the Soviet missiles. These are held most secret in the Soviet Union, but are revealed by our intelligence systems.

All this has produced a staggering array of information, a veritable Niagara of facts. But facts can confuse. No photo, no electronic impulse can substitute for direct, on-the-scene knowledge of the key actors in a given country or region. Technical collection is of little help in the most important and difficult problem of all--political intentions. This is where clandestine human intelligence can make a difference.

Our technical collection tells a lot about enemy capabilities. We need human intelligence for deeper insight into intentions, plans, systems.

There seems to be little public perception that really critical human intelligence is more likely to come from the whistle-blower, who wants the bad guys, the aggressor to lose than from the spy around whom we have created an entire industry with espionage novels and movies. Let me give you some examples. There was no more critical piece of intelligence in World War II than what became known as the Oslo letter. A long, handwritten letter was received in 1939 by the British Naval Attache in Oslo. It described a long list of new technological weapons which were being developed in German laboratories. There was no confirmation and it was filed away until the British discovered the German bombers pinpointing their targets by converging directional beams just as the Oslo letter had described. When US ships at Salerno were hit with guided missiles, the British redoubled their efforts

to slow down the German rockets, which the Oslo letter had described, and when the V.1 and V.2 hit London it was barely too late to break up our invasion of Europe. In 1940 when the Germans launched their blitzkrieg through France and the low countries, the time and place was given to the Dutch Military Attache in Berlin by the number two man in German military intelligence. Allen Dulles in Switzerland in World War II had scores of agents on his payroll. His greatest intelligence coups came from two German officials, perfect strangers, who managed to avoid the Nazi controls to travel to Switzerland to call on him. One carried copies of hundreds of telegrams and reports he'd taken away from his job at the German Foreign Office. The other brought before the Allied invasion of Europe detailed information about the plot against Hitler. To prove his bona fidedness, he also brought information about German success in breaking an American code. So simply being in place to receive and handle help from those on the other side who want a peaceful world is a major source of human intelligence.

Today, we collect a veritable Niagara of facts from our technical capabilities and from human sources, friendly foreigners and Americans, military attaches and diplomatic representatives, agents and double agents around the world. The trick is to verify and assess it, put it into a mosaic, determine what it all adds up to. That's why the American intelligence system has one of the world's largest collection of scientists and scholars, compilers and analysts.

Most of you are old enough to remember Pearl Harbor. That attack was a surprise for only one reason. There was no place where all the information we had about Japanese plans and intentions was brought together. Four months

before Pearl Harbor a member of the German Intelligence Service gave the British a set of questions to which the Japanese had asked their German ally to find answers. The Japanese wanted German Intelligence to provide information about the layout at Pearl Harbor, how US ships were berthed and similar information needed to plan an attack. This came to British counter-intelligence who sent it to their bureaucratic counterpart, the FBI, where it was ignored. Everyone knows that in the weeks preceeding Pearl Harbor we intercepted a series of Japanese messages which when put together indicated a surprise attack on Pearl Harbor. These messages were considered so secret that each message was handcarried to only five people--the President, the Secretary of State and the Chiefs of the Army, Navy and Air Force. The recipient had to read the message on the spot and it was then taken back. He never had an opportunity to evaluate and relate the succession of interpreted messages and the messages were never seen by a newly formed group of scholars who had been gathered in the OSS, the predecessor of the CIA, to perform this critical analytical function.

The highest duty of a Director of Central Intelligence is to produce solid and perceptive national intelligence estimates relevant to the issues with which the President and the National Security Council need to concern themselves. In the past, there has been criticism of these estimates usually based on unrealistic expectations of what an intelligence service can do. The CIA does not have powers of prophecy. It has no crystal ball that can peer into the future with 20-20 sight. We are dealing with "probable" developments.

If we can't expect infallible prophecy from that nation's investment in intelligence, what can we expect? We can expect foresight. We can expect a careful delineation of possibilities. We can expect professional analysis which probes and weighs probabilities and assesses their implications. We can expect analyses that assist the policymakers in devising ways to prepare for and cope with the full range of probabilities.

The process of analysis and arriving at estimates needs to be made as open and competitive as possible. We need to resist the bureaucratic urge for consensus.

Above all, the policymaker needs to be protected from the conventional wisdom.

Let me give you some horrible examples. At the end of World War II, we had a monopoly on the atomic bomb. Almost everyone that counted in Washington was convinced that the Soviets did not have the technological or industrial capability to build a nuclear weapon. Two men, Senator Brian McMahon and Lewis Strauss, then a member of the Atomic Energy Commission, insisted that we had to develop the ability to monitor and detect all large explosions that occurred at any place on the earth. Strauss put up a million dollars of his own money to avoid losing time waiting for budgetary approval. Had there been no monitoring system in operation in 1949, Russian success in developing an atom bomb that summer would have been unknown to us. It was our positive intelligence that the Russians had exploded an atomic bomb which led to President Truman's decision to develop the qualitatively superior hydrogen weapon in order to maintain our military superiority.

Had we relied on the conventional wisdom about Soviet nuclear capability, the Russian success in developing thermo-nuclear weapon capability in 1953, only four years after their atom bomb, would have found the United States hopelessly out-distanced and the Soviet military would have been in possession of weapons vastly more powerful and devastating than any we had.

Again in 1962, John McCone, newly arrived as Director of Central Intelligence, learned that Soviet anti-aircraft weapons had arrived in Cuba. What are they there to protect, he wondered, not sugar plantations or rum mills. There are no targets there now, he concluded, so they must intend to bring something there which will need to be attacked and hence will need to be defended. Thus, he was many months ahead of anyone in Washington in predicting that Moscow might base offensive missiles in Cuba. When Cuban refugees brought reports that large missiles were being landed in and installed in Cuba, everyone else in Washington dismissed them. They could not be offensive weapons. The Soviets would never do anything so foolish. McCone's break with the conventional wisdom was vindicated when a U-2 airplane returned with pictures of Soviet missiles in Cuba which could not be denied.

To protect against the homogenized estimate and the conventional wisdom, CIA, military intelligence, and every other element of the Intelligence Community should not only be allowed to compete and surface differences, but be encouraged to do so. The way we work today, the chiefs of all our intelligence agencies--State, CIA, Defense Intelligence Agency, Army, Navy, and Air Force Intelligence, FBI, Treasury, with its economic intelligence, and Energy, with its nuclear intelligence--sit as a board of estimates and review national intelligence estimates. As Director of Central Intelligence, I am

charged with formulating the estimate and I have responsibility to see that all credible and substantiated alternative views are properly and fully reflected. These alternative views help protect policymakers from the conventional wisdom.

We also need to recognize that the Intelligence Community has no monopoly on truth, on insight, and on initiative in foreseeing what will be relevant to policy. For that reason, we have reconstituted the President's Foreign Intelligence Advisory Board. It is made up of strong and experienced individuals with a wide range of relevant backgrounds.

To get all the intelligence we need, we've got to go beyond the formal intelligence organizations. We've got to tap all the scholarly resources of the nation and the perspectives and insights American business develops from its activities around the world. We're geared to do that in open and direct contact with campuses, think tanks and the business organizations around the country.

We will need to do even more of this in the future to cope with the intelligence requirements of our increasingly complex and dangerous world as it generates new threats.

Our first priority is still the Soviet Union. It is the only country in the world with major weapons systems directly targeted at the United States which could destroy the US in half an hour.

We put the largest slice of our resources into the task of understanding Soviet military capabilities, which have grown enormously in precision, accuracy and sophistication as well as power.

Today we also need to assess and deal with a whole range of initiatives and tactics--diplomacy, subversion, disinformation, destabilization provision of sophisticated weapons, support and exploitation of terrorism and insurgency, with their growing military power functioning as bass drum. The Soviets orchestrate these tactics to weaken, influence and, if possible, overthrow other governments.

We see this in Africa, the Middle East, Southeast Asia, and Latin America. These tactics, applied and blended to suit the occasion and the opportunity, are both relatively cheap and remarkably effective. They are always applied by skilled tacticians and frequently applied against governments which come into power new and inexperienced and untutored in handling the range of these black arts which can be arrayed against them. The very qualities valued most highly by the government and the electorate of target countries, such as openness in our own and other democratic societies, are exploited.

There was a time when intelligence had most of its job done when it had counted and measured the capabilities of weapons of destruction, followed indications and warnings of their use and passed this information to the military for appropriate action.

The emergence of this new array of intangible weapons which influence, erode and undermine on a worldwide scale rather than merely send destructive power into enemy territory places a wholly different and far wider responsibility on intelligence. It is a responsibility which was neglected as the Intelligence Community lost 50% of its people and 40% of its funding during the 1970s and, at the same time, was forced to give high priority to following a Soviet military and political threat growing rapidly in magnitude and in sophistication.

We have to deal with other major Soviet capabilities. The first is their ability to get a free ride on our research and development.

We have learned that the accuracy, precision and power of Soviet weapons, which we now need budget busting appropriations to counter, are based on Western technology to a greater extent than we had ever dreamed. The Soviet political and military services, KGB and GRU, have for years been training young scientists to target and roam the world to acquire technology for their military arsenal from the US, Western Europe, Japan and anywhere else. They have acquired technology worth many billions by purchase, legal and illegal, by theft, by espionage, by bribery, by scientific exchanges and by exploiting our open literature and our Freedom of Information Act.

The second is their skill in propaganda which continually puts us at a disadvantage. While American intelligence has shown the Soviets carrying off the biggest peacetime military buildup in history, deploying over 200 missiles targeted at Western Europe and using chemical and bacteriological weapons against the freedom fighters and their women and children in Afghanistan and Indo-China, they have succeeded in painting the United States as the threat to peace.

This is accomplished through their political and intelligence apparatus in a far-flung and many-sided campaign of what they call active measures. Our intelligence must continue to identify the distortions of these active measures and establish the truths to combat them.

If we look beyond Europe where a combination of these active measures and not too subtle intimidation seeks to divide us from our allies, we see

the other continents of the world plagued and beleaguered by subversion and witch's brew of destabilization, terrorism and insurgency fueled by Soviet arms, Cuban manpower and Libyan money, with East Germany, North Korea, and the PLO chipping in special skills and experience. It's important to understand how all this works.

Beginning in 1974 and 1975, the Soviet Union undertook a new, much more aggressive strategy in the Third World. They found destabilization, subversion and the backing of insurgents in other countries around the world attractive and relatively risk free. Exploiting the availability first of Cuba and subsequently of other countries to serve as Soviet surrogates or proxies, they have been able to limit the political, economic and military cost of intervention.

In the aftermath of Vietnam, the Soviet Union soon began to test whether the US would resist foreign-provoked and supported instability and insurgence elsewhere in the Third World. Fully aware of the political climate in this country, in the 1970s they developed an aggressive strategy in the Third World. It avoided direct confrontation and instead exploited local and regional circumstances to take maximum advantage of third-country forces (or surrogates) to attain Soviet objectives. This enables Moscow to deny involvement, to label such conflicts as internal, and to warn self-righteously against "outside interference." There is little disagreement among analysts that Soviet and proxy successes in the mid- to late-70s in Angola, Ethiopia, Cambodia, Nicaragua and elsewhere have encouraged the Soviets to rely on the Cubans, Vietnamese and, recently, the Libyans ever more aggressively.

Over the last several years, the Soviets and their allies have supported, directly or indirectly, radical regimes or insurgencies in more than a dozen countries in every part of the Third World. The United States and its friends have had difficulty countering these insurgencies. It is much easier and much less expensive to support an insurgency than it is for us and our friends to resist one. It takes relatively few people and little support to disrupt the internal peace and economic stability of a small country.

It's truly remarkable the way the combination of money and manpower from two tiny countries, Cuba and Libya, with skills and arms provided by the Soviet Union and its satellites like Vietnam, North Korea, and East Germany, has terrorized four continents over the last ten years.

Subversion and terrorism destabilize existing governments. Insurgency is organized and supplied with weapons and experienced guerrilla leaders. Manpower is brought for training to Cuba, Lebanon, South Yemen, Bulgaria or Libya, where more than 25 terrorist training camps seem to make up the second largest industry next to oil.

Qadhafi and Libya got into the terrorist business by default. The death of Nasser in 1970, just a year after his own assumption of power, left Qadhafi looking for a kindred spirit. He found this in the PLO. It was revolutionary, Muslim, anti-imperialist, and fighting Israel. He opened his doors and treasury to the Palestinians.

Terrorism, the sophisticated terrorism of today, is big business and requires big money. Safehouses in safe areas, modern secure weapons, travel documents, transportation, etc., are very expensive. Terrorists need more than

money. They require safe training sites, use of diplomatic bags, safe embassies, multiple travel documents, they need a country to back them. Qadhafi decided to pick up the tab. Although he can call on them at will, it is not certain he knows the size of the tiger he has by the tail. Does he fully realize their ties to the Soviets and East Germans, that their training camps produce "Marxist" revolutionaries and that he really doesn't own them, only rents them? In any event, the degree of his knowledge and control is not important -- he uses them and houses them.

Qadhafi uses terrorists or mercenaries for two general purposes -- to terrorize those who would oppose him or prevent him from achieving his goals and to train "revolutionaries". Lenin put it succinctly: The purpose of terror is to terrorize. Qadhafi has sent hit teams to seek out his Libyan opponents in Egypt, Italy, France, the U.K. and the U.S. He wants to send a very clear message -- my arm is long and it has a gun in it's hand.

Qadhafi has attempted -- by act or by just leaks of an act -- to strike at senior American officials at home and abroad. In so doing he has caused disruption of our normal way of life on the official level, the expenditure of millions, and some degree of skepticism among our allies about our intelligence and subsequent actions. All this at very little cost and a great deal of "revolutionary" publicity for him. He also, at one time or another, has tried to assassinate Nimeriri and Sadat, his neighbors in Sudan and Egypt.

Then there is the weapon of military hardware and advisors. The Soviets and their proxies actively pump arms, money and other forms of assistance (such as training) into many Third World areas which are already seething with domestic discontent. The increasing availability of money, training and weapons

directly endanger US diplomats and businessmen and indirectly undercut the viability of many moderate governments which the US supports. Opposition groups in LDCs are turning to violence more frequently. The number of sovereign governments willing and able to support armed opposition against others as a foreign policy tool is rising. The US must now concern itself with the support to externally-directed political violence provided by Iran, Iraq, Syria, South Yemen, Nicaragua, and Ethiopia in addition to the Soviet Union, Cuba, Libya, and the satellites of Eastern Europe.

Since the Camp David accords in September 1978, Libya has sharply increased military assistance to Third World clients. In the three years ending December 1981, he has provided more than \$500 million worth of weapons and funds to buy arms. Qadhafi now provides aid to more than 60 insurgent and dissident groups, as well as supporting selected governments. An increasingly important facet of his program is training, including more than 10,000 insurgents and dissidents. Thousands of troops have also been sent to Libya, and Qadhafi gives certain clients more advanced, specialized training, giving all the assistance free of charge.

Cuba is the other worldwide troublemaker. For a nation of ten million people, Cuba has displayed a remarkable reach on a worldwide scale. It has 70,000 military and civilian advisors abroad in almost 30 countries. Of these, more than half are military. Over 40,000 are in Africa, and some 7,000 in the Middle East. There are 12,000 Cuban technical trainees working in Czechoslovakia and East Germany, and 5-6,000 studying in the Soviet Union.

How did this phenomenon develop? Part of it springs from the demographics--the same source--a combination of overpopulation and youth unemployment--which

gave us 150,000 Cuban refugees in the Mariel boat lift. Since 1980, there has been a surge in the 15-19 year old age group of 50 percent. Castro has admitted that tens of thousands of youths are out of work. He said in a recent speech that he would like to send 10,000 Cuban youths to Siberia to cut timber for Cuban construction projects. They have lots of young men to train and send into other countries--and that's the way to get preferment in government employment in Castro's Cuba.

The other source of Cuba's aggression is Soviet influence and support. The Soviets sell their weapons. Arms sales earn about 20 percent of their hard currency. Last year they gave 66,000 tons of weapons, four times the previous ten-year annual average of 15,000 tons.

In addition to free military equipment, the Soviet Union gives Cuba \$8 million a day, or \$3 billion a year, to keep its economy going. The Russians buy sugar at a premium and sell oil at a discount. There is no way that Cuba could play the role it does in Latin America, Africa, and the Middle East without this cash and military support from the Soviet Union. Moscow doesn't give away \$4 billion a year unless they have a purpose.

Today Cuba sits astride the Caribbean with a modernized army of 150,000 troops, reserves of 100,000 and 200 Soviet MIGs. It now has the largest military establishment in the Western Hemisphere, save those of the US and Brazil.

Cuba's recent combat experience in Angola and Ethiopia, together with its overwhelming qualitative and numerical superiority in weapons, provides it with a particularly ominous intervention capability in the Caribbean and

in Central America. This is clearly not the sole source of violence and instability in the Caribbean Basin, but it magnifies and internationalizes what would otherwise be local conflicts. Cuba's most immediate goals are to exploit and control the revolution in Nicaragua and to induce the overthrow of the governments of El Salvador and Guatemala. At the same time, the Cuban government is providing advice, safehaven, communications, training and some financial support to several violent South American organizations. Training in Cuban camps has been provided in the last two years to groups from Uruguay, Chile, Haiti, Jamaica, the Dominican Republic, Grenada, Colombia, Honduras, Costa Rica, and Guatemala, in addition to more publicized training for combatants from Nicaragua and El Salvador.

There is every indication that Nicaragua is being built up to a superpower on a Central American scale. With a population of about 2 1/2 million, its army and militia is twice as large as that of El Salvador, a country with twice its population. Soviet tanks and the expected arrival of MIG aircraft will give Nicaragua military domination over neighboring Honduras, El Salvador, Guatemala and Costa Rica with a combined population seven times theirs. With the help of 1,800 Cuban military and security advisors, 75 Soviets, smaller numbers of East Germans and Bulgarians, Vietnamese, North Koreans, and radical Arabs gathered in Managua, the insurgency in El Salvador is being directed, trained and supplied. Under Cuban and East German guidance, the Sandinista junta is imposing a totalitarian control with a block system of population control on the Cuban model, repression of newspapers, opposition politicians, labor unions, and other private sector leaders.

Insurgents in El Salvador are being supplied with arms by air, by sea and by land through Honduras from Nicaragua. They are being directed from

Managua by Cubans and Nicaraguans experienced in waging guerrilla war with a sophisticated communications net located in Nicaragua. The conflict has been stalemated for over a year. Government forces can make large sweeps, and after they return to their bases the guerrillas regain control of many roads, villages and large segments of the countryside. They are now attacking provincial towns and economic targets to intimidate voters from going to the polls in the March election and to depress the economy.

The insurgency has spread to Guatemala where trained leaders and arms coming from Cuba and Nicaragua have put the Guatemalan government under heavy pressure.

There is a growing concern about all this on the part of other Latin American countries. Fifteen of them spoke out against the declaration of support for the El Salvador insurgency promulgated by Mexico and France. OAS, by a vote of 22 to 3, supported the elections in El Salvador with only Nicaragua, Mexico and Grenada voting against. This last month Costa Rica, Honduras and El Salvador joined in requesting protection from the United States, Venezuela and Colombia against the threat they perceived in the growing militarization of Nicaragua.

Other major recipients of Soviet assistance also have been especially active in the past year in fomenting trouble in their regions. Last August, for example, Ethiopia, Libya, and South Yemen signed a military alliance ostensibly aimed at "imperialist" forces in the Near East and Horn of Africa region. Their aim is to overthrow the governments of North Yemen, on the border of Saudi Arabia, Somalia and Sudan, controlling the Red Sea and the shores of the Indian Ocean, develop close relations with Moscow, and oppose military interest in the Persian Gulf region.

Vietnam continues to create major regional tensions not only by occupying Kampuchea, which alarms its ASEAN neighbors, but also by prompting a vast migration of refugees. Since the spring of 1975, more than two million persons have fled Indochina. This exodus has constituted by far the greatest refugee problem in East Asia, has created a major threat to regional stability, and has involved the rest of the world in costly lifesaving and resettlement efforts.